

## HEA 1001

### HOW WILL LEGISLATION ENACTED IN 2008 AFFECT MY TAX BILLS IN 2008 AND FORWARD?

#### TAXES PAYABLE IN 2008

- Increases in the **homestead credit** are expected to reduce 2008 tax bills by a **statewide average** of 31% (from pre-rebate 2007 tax bills); approximately 26% after the rebate is factored.
- Increases the Renter's Deduction (Indiana State Income tax NOT property tax)
- Increases the Earned Income Tax Credit (again Income tax NOT property tax)
- **Circuit breaker (or property tax caps)** – places a cap on the amount of taxes that can be collected on a given parcel. For example: If your assessed value is \$100,000.00 and you have a homestead credit on this parcel you would pay no more than \$2,000.00 in 2008. The revenue lost from the circuit breaker will not be reimbursed by the state. Your local governments will have to find a way to replace this revenue.

**Homestead property** – 2%

**Agricultural land, Rentals, Long-term Care** – no cap for 2008

**All other Real & Personal Property** – no cap for 2008

#### TAXES PAYABLE IN 2009

**Unless changes are seen in the 2009 legislative session**

- Reduction in **Homestead Credit**, expect increases in taxes, due to the reduction
- **Property Tax Replacement Credit (PTRC)** – amount paid to the county by the state to subsidize or lower your tax bill (% amount shown on tax bill Gross tax – PTRC = Net tax) is **eliminated**, this will mean an increase in your liability.

- **Circuit breaker (or property tax caps)**

**Homestead property** – 1.5%

**Agricultural Land, Rentals, Long-term Care** – 2.5%

**All other Real & Personal Property** – 3.5%

- Property tax relief for Seniors – provides that tax bills for seniors with individual incomes of less than \$30,000 or joint incomes of less than \$40,000.00 and assessed values of the real estate not over \$160,000.00 cannot increase from 2007 levels by more than 2% per year.



### **TAXES PAYABLE IN 2010**

**Unless changes are seen in future legislative sessions**

- Reduction in **Homestead Credit**, expect increase in taxes, due to the reduction
- **Circuit breaker (or property tax caps)**  
**Homestead property** – 1%  
**Agricultural Land, Rentals, Long-term care** – 2%  
**All other Real & Personal Property** – 3%

### **TAXES PAYABLE IN 2011 & FORWARD**

**Unless changes are seen in future legislative sessions**

- **Homestead Credit** will be phased out completely by 2011 or 2012

**Overall loss to local governments due to the circuit breaker:**

**2008 \$3.9 M**

**2009 \$229 M**

**2010 \$524 M**

**Specific loss to counties:**

**2008 \$615,283.00**

**2009 \$28 M**

**2010 \$74 M**

**The General Assembly begins the process of changing the Indiana Constitution to include these Circuit Breakers, but excludes Lake and St. Joseph Counties.**